

140 - Department of Revenue

A001 Administrative

Internal services include the cost of overall management of the agency, internal audit, accounting, budget, cash management, facilities management, purchasing, personnel, employee training, quality improvement, and legal services provided by the Attorney General's Office. A significant portion of the costs in this category represent the legal costs associated with the defense of the state's tax system.

	FY 2006	FY 2007	Biennial Total
FTE's	71.4	69.6	70.5
GFS	\$10,278,000	\$10,402,000	\$20,680,000
Other	\$1,950,000	\$1,950,000	\$3,900,000
Total	\$12,228,000	\$12,352,000	\$24,580,000

Statewide Result Area: Strengthen the ability of state government to achieve results efficiently and effectively

Statewide Strategy: State financial resources and services

Expected Results

Administrative activities support the successful achievement of the agency's vision, mission, and goals through a variety of internal support functions. In addition, the department protects the state's interest through successful litigation of tax issues.

Cost of collecting revenue per \$100 of revenue collected.				
Biennium	Period	Target	Actual	Variance
2005-07	6th Qtr	\$0.75		
	2nd Qtr	\$0.75		

Percentage of taxpayers with a favorable opinion of Department of Revenue employees.				
Biennium	Period	Target	Actual	Variance
2005-07	8th Qtr	80%		
Includes courtesy and helpfulness ratings.				

A002 Property Tax Administration

Appropriation Period: 2005-07 Activity Version: 51 - 2006 Governor's Proposed Supplement

The Department of Revenue has a statutory obligation to ensure uniformity within the state's property tax system and oversee the administration of property taxes at both the state and local levels. The department also determines the state school levy; conducts complex appraisals on commercial, industrial, and special use properties; administers property tax exemptions and deferral programs; and provides guidance, training, and assistance on property tax issues to county officials.

	FY 2006	FY 2007	Biennial Total
FTE's	53.7	52.7	53.2
GFS	\$5,901,000	\$6,081,000	\$11,982,000
Other	\$0	\$0	\$0
Total	\$5,901,000	\$6,081,000	\$11,982,000

Statewide Result Area: Strengthen the ability of state government to achieve results efficiently and effectively

Statewide Strategy: State financial resources and services

Expected Results

The Property Tax Division strives to ensure fair and uniform application of property tax laws. In Calendar Year 2004, a total of \$6.4 billion was collected from property tax levies. In Calendar Year 2005, \$1.6 billion state and \$5.0 billion local are projected to be collected.

Total revenue enforcement collections (in thousands).					
Biennium	Period	Target	Actual	Variance	
2005-07	8th Qtr	\$849,000			
	7th Qtr	\$761,300			
	6th Qtr	\$653,900			
	5th Qtr	\$539,700			
	4th Qtr	\$423,000			
	3rd Qtr	\$329,900			
	2nd Qtr	\$201,400			
	1st Qtr	\$112,200	\$0	\$(112,200)	

A003 State and Local Revenue Collection and Distribution

The Department of Revenue is responsible for the fair, efficient, and uniform administration of state tax laws. Primary activities include taxpayer registration, tax return processing collection activities, accounting for and distributing state and local tax revenues, and promotion of voluntary compliance through taxpayer education, information, and assistance. These activities are conducted from offices throughout the state and are supported by a statewide computer network.

Appropriation Period: 2005-07 Activity Version: 51 - 2006 Governor's Proposed Supplement

	FY 2006	FY 2007	Biennial Total
FTE's	563.3	555.4	559.4
GFS	\$44,460,000	\$45,005,000	\$89,465,000
Other	\$2,882,000	\$2,942,000	\$5,824,000
Total	\$47,342,000	\$47,947,000	\$95,289,000

Statewide Result Area: Strengthen the ability of state government to achieve results efficiently and effectively

Statewide Strategy: State financial resources and services

Expected Results

The Department provides ongoing education and assistance to taxpayers while maximizing the collection of tax dollars owing on delinquent accounts. Total dollars collected from delinquent accounts and through tax discovery efforts exceeded \$440 million in Fiscal Year 2005. Balance due notices paid in Fiscal Year 2005 totaled \$148 million, a level which is expected to be sustained. In Fiscal Year 2005, 87 percent of the 374,422 calls received were provided assistance. An estimated 302,000 total calls are anticipated in Fiscal Year 2006. In Fiscal Year 2005, \$2.2 billion in local tax was collected on behalf of local jurisdictions. At the end of Fiscal Year 2005, there were 718,224 registered accounts on record. At the end of Fiscal Year 2006, 745,300 registered accounts are estimated; 779,300 registered accounts are estimated by the end of Fiscal Year 2007.

Total revenue enforcement collections (in thousands).				
Biennium	Period	Target	Actual	Variance
2005-07	8th Qtr	\$849,000		
	7th Qtr	\$761,300		
	6th Qtr	\$653,900		
	5th Qtr	\$539,700		
	4th Qtr	\$423,000		
	3rd Qtr	\$329,900		
	2nd Qtr	\$201,400		
	1st Qtr	\$112,200	\$0	\$(112,200)

A004 Tax Auditing

The department's audit function is carried out in Washington and throughout the country. Auditors are given one of three assignments: permanent in-state locations, permanently assigned out-of-state locations, or short-term out-of-state tours. The auditors review the records of registered businesses for the proper reporting and payment of taxes. Taxes routinely audited include sales and use, business and occupation, and public utility taxes.

Appropriation Period: 2005-07 Activity Version: 51 - 2006 Governor's Proposed Supplement

	FY 2006	FY 2007	Biennial Total
FTE's	291.5	288.5	290.0
GFS	\$23,653,000	\$24,366,000	\$48,019,000
Other	\$0	\$0	\$0
Total	\$23,653,000	\$24,366,000	\$48,019,000

Statewide Result Area: Strengthen the ability of state government to achieve results efficiently and effectively

Statewide Strategy: State financial resources and services

Expected Results

The Department's auditing function seeks to provide fair and uniform application of tax laws and promote an optimal level of accurate tax reporting and payment through continuing auditing presence and taxpayer education. The gross dollar value of tax assessments in Fiscal Year 2005 totaled \$212.3 million.

Percentage of active reporting taxpayer accounts contacted through audit enforcement efforts.				
Biennium	Period	Target	Actual	Variance
2005-07	8th Qtr	3.5%		
	4th Qtr	3.5%		

A005 Tax Policy Research, Analysis, and Interpretation

Tax policy activities involve coordinating interdepartmental services and providing information and guidance to the public, employees, and all levels of government. Specific functions include preparing fiscal notes; analyzing and drafting legislation; reviewing and drafting rule revisions; forecasting non-General Fund revenues; and analyzing proposed changes to tax statutes and tax law changes on small business.

	FY 2006	FY 2007	Biennial Total
FTE's	44.7	42.1	43.4
GFS	\$3,997,000	\$3,979,000	\$7,976,000
Other	\$10,000	\$10,000	\$20,000
Total	\$4,007,000	\$3,989,000	\$7,996,000

Statewide Result Area: Strengthen the ability of state government to achieve results efficiently and effectively

Statewide Strategy: Decision support for government decision makers

Expected Results

Appropriation Period: 2005-07 Activity Version: 51 - 2006 Governor's Proposed Supplement

The Department's objective is to provide accurate, timely, and clear information that encourages informed tax policy decisions. One component is the preparation of accurate and complete fiscal notes. In Fiscal Year 2005, 450 fiscal notes were delivered to the Office of Financial Management, and 300 are estimated in Fiscal Year 2006.

Annually review agency rules and identify those that require amendment or repeal as a result of legislative change, court action, or business changes.				
Biennium	Period	Target	Actual	Variance
2005-07	8th Qtr	50%		
	7th Qtr	44.2%		
	6th Qtr	38.9%		
	5th Qtr	32%		
	4th Qtr	25%		
	3rd Qtr	19.2%		
	2nd Qtr	13.9%		
	1st Qtr	7%		
471 rules were in existence on July 1, 2005. All rules must be reviewed every four years. Although the initial estimates provided divide the total rules to be reviewed equally across the four year cycle (25% each year), the estimated percent to be reviewed in years 2, 3, and 4 are dependent upon the percent complete in the previous year(s).				

A006 Taxpayer Appeals

The department hears approximately 900 taxpayer appeals each year. When an appeal is concluded the Department issues written determinations, renders formal and informal tax law interpretations, mediates and negotiates settlements of tax disputes, and executes settlement closing agreements when appropriate.

	FY 2006	FY 2007	Biennial Total
FTE's	22.2	21.2	21.7
GFS	\$2,103,000	\$2,090,000	\$4,193,000
Other	\$0	\$0	\$0
Total	\$2,103,000	\$2,090,000	\$4,193,000

Statewide Result Area: Strengthen the ability of state government to achieve results efficiently and effectively

Statewide Strategy: State financial resources and services

Expected Results

Appropriation Period: 2005-07 Activity Version: 51 - 2006 Governor's Proposed Supplement

The Appeals Division's goal is to timely resolve tax appeals and provide written guidance on Washington state tax laws. In Fiscal Year 2005, 900 appeals were received and 711 cleared. The target goal for Fiscal Year 2006 is to clear 90 percent of the estimated 950 appeals received; this represents 855 appeals.

A007 Unclaimed Property Management

The department administers the provisions of the State Uniform Unclaimed Property Act. The department receives the transfer of abandoned property to the state and tries to locate the owners through advertising and providing public access to abandoned property information. The department's role is to act in the interest of the property owners and return the abandoned property to the rightful owners whenever possible. Examples of abandoned property include utility deposits, insurance policies, safety deposit box contents, dividends, and savings accounts. (Unclaimed Personal Property Account-Nonappropriated)

	FY 2006	FY 2007	Biennial Total
FTE's	27.7	27.7	27.7
GFS	\$0	\$0	\$0
Other	\$3,044,000	\$3,151,000	\$6,195,000
Total	\$3,044,000	\$3,151,000	\$6,195,000

Statewide Result Area: Improve the economic vitality of businesses and individuals

Statewide Strategy: Provide consumer protection

Expected Results

The Unclaimed Property section's goal is to efficiently administer unclaimed property programs. In Fiscal Year 2005, 56,473 claims were processed from the 836,471 names reported for claiming unclaimed property.

ZZZX Other Statewide Adjustments

This item reflects proposed compensation and other adjustments that were not allocated to individual agency activities. The agency will assign these costs to the proper activities after the budget is enacted.

	FY 2006	FY 2007	Biennial Total
FTE's	0.0	0.0	0.0
GFS	\$(152,000)	\$(939,000)	\$(1,091,000)
Other	\$0	\$479,000	\$479,000
Total	\$(152,000)	\$(460,000)	\$(612,000)

Statewide Result Area: Strengthen the ability of state government to achieve results efficiently and effectively

Statewide Strategy: Human resources support for government agencies

Grand Total

	FY 2006	FY 2007	Biennial Total
FTE's	1,074.5	1,057.2	1,065.9
GFS	\$90,240,000	\$90,984,000	\$181,224,000
Other	\$7,886,000	\$8,532,000	\$16,418,000
Total	\$98,126,000	\$99,516,000	\$197,642,000